

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

2009 DEC 23 P 3:07
PUBLIC UTILITIES
COMMISSION

FILED

In the Matter of the Application)

of)

WAI'OLA O MOLOKA'I, INC.)

Docket No. 2009-0049

For review and approval of rate)
increases; revised rate schedules; and)
revised rules.)

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF
CONSUMER ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

AND

CERTIFICATE OF SERVICE

MORIHARA LAU & FONG LLP

MICHAEL H. LAU, ESQ.
YVONNE Y. IZU, ESQ.
Davies Pacific Center
841 Bishop Street
Suite 400
Honolulu, Hawaii 96813
Telephone: (808) 526-2888

Attorneys for WAI'OLA O MOLOKA'I, INC.

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application)

of)

WAI'OLA O MOLOKA'I, INC.)

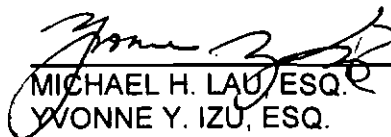
) Docket No. 2009-0049

)
For review and approval of rate)
increases; revised rate schedules; and)
revised rules.)
_____)

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF
CONSUMER ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

COMES NOW, WAI'OLA O MOLOKA'I, INC., by and through its attorneys, Morihara
Lau & Fong LLP, hereby submits its Responses to the the Division of Consumer Advocacy's
Supplemental Information Requests consistent with the Stipulated Regulatory Schedule
(Exhibit "A") contained in the Stipulated Prehearing Order, filed on November 6, 2009.

DATED: Honolulu, Hawaii, December 23, 2009.



MICHAEL H. LAU, ESQ.
YVONNE Y. IZU, ESQ.

Morihara Lau & Fong LLP
Attorneys for WAI'OLA O MOLOKA'I, INC.

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-1

Ref: Response to CA-IR-36.

The Company indicates that its test year projection relied upon an escalation index applied to the 6/30/08 results.

- a. Please confirm that the Company's methodology seems to assume that the amount of water to be delivered in the test year will remain the same.

RESPONSE:

The Company's methodology assumes that the net change in the expense for water provided by DHHL would increase by 3% for each year 2009 and 2010 over 2008. This would include an increase in the price and a decrease in the water usage. Since the Company pays the same rate charged by DHHL to its homesteaders and therefore has no control over the rates charged by DHHL, it could not make an estimate of the rate to be charged. The Company believes that a net increase of 3% seemed reasonable.

1. Based on the assumption that the test year level should remain at a level consistent with the past, please explain the basis for this assumption since the Company has generally indicated that its test year sales should be lower than recent history suggests.

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-1 (cont.)

RESPONSE:

The Company could have attempted to estimate the water usage for this customer group and estimate the rate that DHHL would charge its homesteaders in 2010. Since the Company does not have any control over that rate, the Company calculated the 2009 and 2010 cost of DHHL provided water to increase by a net of 3% over the prior year to reflect changes in both components.

2. If the Company is not assuming that the amount of water from DHHL for the test year will be the same as 2008, please provide the projected amount of water and the supporting workpapers for that estimate.

RESPONSE:

See response to part (a.1) above.

- b. In response to CA-IR-36c., the Company refers to the attachment CA-IR-13a for the applicable contract.
 1. Please identify the specific section that identifies the term that discussion the application of an escalation index.

RESPONSE:

There is no section in the DHHL contract that provides for the application of an escalation index, but

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-1 (cont.)

that is not want the Company relied on in making its test year expense estimate. See response to part (a.1) above.

2. If there are any amendments to the contract that discuss the application of an escalation index, please provide a copy of all amendments to the contract.

RESPONSE:

There are no amendments to the DHHL contract.

3. If there are no contract provisions that require the application of a 3.0% escalation factor, please discuss why the Company has used this factor and provide the supporting documentation for the use of the factor.

RESPONSE:

See response to part (a.1) above.

4. In reviewing the bills received for this item, it is noted that the rate in 2009 appears to approximate \$0.00385. Please reconcile this observation with the Company's methodology and the contract term of \$0.41 per thousand gallons.

RESPONSE:

See response to part (a.1) above.

5. If not already discussed, please reconcile the agreement, observations based on the bills from

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-1 (cont.)

DHHL and the Company's assertions that the rates for 2009 would vary from \$0.90 to \$1.50, based on consumption (as discussed in response to CA-IR-13).

RESPONSE:

The rates cited in the request of \$0.90 to \$1.50 were included in the audit report dated June 22, 2009, Note 4. The Company did not use those rates in determining its test year expenses which were calculated using the procedures described in response to part (a.1) above.

SPONSOR: Robert O'Brien

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-2

Ref: Response to CA-IR-35.

- a. Please explain the basis for the estimated value of 26,000.
Please provide copies of all workpapers used to determine the estimate.

RESPONSE:

The 26,000 thousand gallons ("TG") was calculated based on Exhibits MPU 11.1 (page 1, line 28) and MPU 11.2 line 24 which used the water delivered amounts for the six months ended December 31, 2008 of 13,374 TG doubled and rounded down to an annual amount for the test year of 26,000 TG. Attachment CA-SIR-2a shows a historic summary of monthly water use at the Kualapuu Tap for July, 2006 to November 2009. As shown in column 3 on line 39 the 12 month usage through December 2008 was 26,227, and as shown in column 2 on line 47 the 12 month usage through June 2009 was 24,383. In addition, as shown in column 6, the 12 month moving average deliveries for water use through October 2009 is only 22,860. Both of these last two amounts are significantly below the Company's as filed estimate of 26,000 for the test year.

- b. If not already summarized elsewhere, please provide the estimated usage of water driving the estimated direct

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-2 (cont.)

expense for the: 1) DHHL to Wailoa at Kalae; 2) Potable at Waiola at Puunana; and 3) Use of Mountain Facilities.

RESPONSE:

The Company did not use water flows to calculate the test year expense as shown on Exhibit WOM 10.3 and therefore cannot provide such data. However, the monthly water usage for the use of the mountain facilities and Potable at Waiola at Puunana is shown on the Molokai Properties Intercompany Water Sales which are included in Attachment WMA-SIR-114a in Docket. No. 2009-0048. In addition, the water readings for the years ending June 30, 2006 to 2008 are contained in Attachment CA-SIR-2b.

- c. If the total amount of water driving the estimated expenses for lines 1 through 4 of WOM 10.3 differs from the estimated 50,000 thousand gallons used for test year sales with some applied unaccounted for water factor, please reconcile and explain the difference.

RESPONSE:

In general there should be a downward adjustment to the costs for water provided as shown on lines 1, 2 and 3 of Exhibit WOM 10.3. There would be no adjustment for line 4 since those charges were not included in the test year expenses. The Company would propose, subject to

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-2 (cont.)

separate adjustments to be detailed below, to reduce the expense for water by the same percentage that water sales were reduced. On Exhibit WOM 11.1, line 10 the Company reduced the water sales for the twelve months ended June 30, 2008 of 54,110 thousand gallons ("TG") $[30,917 + 23,193 = 54,110]$ to 50,000 TG, a reduction of 7.6% $[54,110 - 50,000 = 4,110 / 54,110 = 7.596\%]$. However, before this reduction is calculated, adjustments need to be made to the costs shown on lines 2 and 3.

First, as shown on Attachment CA-SIR-2c (Part A), the \$39,671 shown for DHHL on Exhibit WOM 10.3, column 6, line 2 should be reduced to \$37,016 as shown on line 16. This is to reflect an accounting for the water use in one year billed in the following year. This reduction reflects the DHHL billings for the twelve-month period ending June 30, 2008. Second, as discussed in response to WMA-SIR-114a in Docket No. 2009-0048, MPU did not account for the revenue from water sales to WOM from the PWTP which was handled by MPL from 2008 through November 2008. This oversight impacted the Revenue recorded by MPL and also the expense reflected by WOM on line 3. The Company

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-2 (cont.)

suggests that the decrease of 7.6% be applied to the \$8,516 on line 3, column 6, which represents costs for Book 9 customers and that the \$87,267 on line 13, column 3 of Attachment CA-SIR-2c (Part B) for the water delivered from the PWTP be used as the base for the adjustment for the remaining customers. This should provide a reasonable estimate of the cost changes related to the reduction in water sales from the 54,110,000 gallons to the 50,000,000 gallons. As noted in response to WMA-SIR-114a in Docket No. 2009-0048, the Company will be proposing an additional reduction in the water sales from the PWTP based on the most recent water usage reflected on Attachment WMA-SIR-114a in Docket No. 2009-0048.

SPONSOR: Robert O'Brien

ATTACHMENT
CA-SIR-2a

WOM
Water Deliveries at Kualapuu Tap

Attachment CA-SIR-2a
Docket No. 2009-0049

		[1]	[2]	[3]	[4]	[5]	[6]
			12 Months Ended				12 Month
Month/Description		Water Delivered	6-30	12-31	Month	Water Delivered	Moving Total
<u>2006</u>							
1	July	2,113			July	2,113	
2	Aug	2,363			Aug	2,363	
3	Sep	2,400			Sep	2,400	
4	Oct	2,120			Oct	2,120	
5	Nov	1,774			Nov	1,774	
6	Dec	1,533			Dec	1,533	
7		<u>12,303</u>			Jan	1,725	
8	<u>2007</u>				Feb	2,058	
9	Jan	1,725			Mar	2,094	
10	Feb	2,058			Apr	2,073	
11	Mar	2,094			May	2,266	
12	Apr	2,073			Jun	1,046	23,565
13	May	2,266			July	353	21,805
14	Jun	1,046			Aug	2,714	22,156
15		<u>11,262</u>	<u>23,565</u>		Sep	2,548	22,304
16					Oct	2,892	23,076
17	July	353			Nov	2,643	23,945
18	Aug	2,714			Dec	1,723	24,135
19	Sep	2,548			Jan	1,515	23,925
20	Oct	2,892			Feb	2,072	23,939
21	Nov	2,643			Mar	2,369	24,214
22	Dec	1,723			Apr	1,928	24,069
23		<u>12,873</u>		<u>24,135</u>	May	2,485	24,288
24	<u>2008</u>				Jun	2,485	25,727
25	Jan	1,515			July	2,222	27,596
26	Feb	2,072			Aug	2,650	27,532
27	Mar	2,369			Sep	2,650	27,634
28	Apr	1,928			Oct	1,979	26,721
29	May	2,485			Nov	2,218	26,296
30	Jun	2,485			Dec	1,654	26,227
31		<u>12,854</u>	<u>25,727</u>		Jan	1,871	26,583
32					Feb	1,806	26,317
33	July	2,222			Mar	1,949	25,897
34	Aug	2,650			Apr	1,874	25,843
35	Sep	2,650			May	1,942	25,300
36	Oct	1,979			Jun	1,568	24,383
37	Nov	2,218			July	2,096	24,257
38	Dec	1,654			Aug	2,074	23,681
39		<u>13,373</u>		<u>26,227</u>	Sep	2,040	23,071
40	<u>2009</u>				Oct	1,768	22,860
41	Jan	1,871			Nov	-	
42	Feb	1,806			Dec	-	
43	Mar	1,949					
44	Apr	1,874					
45	May	1,942			Total	<u>81,653</u>	
46	Jun	1,568					
47		<u>11,010</u>	<u>24,383</u>				
48							
49	July	2,096					
50	Aug	2,074					
51	Sep	2,040					
52	Oct	1,768					
53	Nov						
54	Dec						
55		<u>7,978</u>		<u>18,988</u>			
56	Total	<u>81,653</u>					

ATTACHMENT
CA-SIR-2b

DHHL to Kipu Water Usage

Date	Beginning reading	Ending Reading	Usage
Jul-2006	15330	16214	884
Aug-2006	16214	17190	976
Sep-2006	17190	17796	606
Oct-2006	17796	18369	573
Nov-2006	18369	18718	349
Dec-2006	18718	19327	609
Jan-2007	19327	20008	681
Feb-2007	20008	20522	514
Mar-2007	20522	21411	889
Apr-2007	21411	22732	1321
May-2007	22732	23975	1243
Jun-2007	23975	26072	2097
Jul-2007	26072	28215	2143
Aug-2007	28215	29280	1065
Sep-2007	29280	30640	1360
Oct-2007	30640	31797	1157
Nov-2007	31797	32742	945
Dec-2007	32742	33403	661
Jan-2008	33403	34258	855
Feb-2008	34258	34800	542
Mar-2008	34800	35275	475
Apr-2008	35275	35744	469
May-2008	35744	36426	682
Jun-2008	36426	37134	708
Jul-2008	37134	37995	861
Aug-2008	37995	38816	821
Sep-2008	38816	39612	796
Oct-2008	39612	40208	596
Nov-2008	40208	40616	408
Dec-2008	40616	40998	382
Jan-2009	40998	41381	383
Feb-2009	41381	41806	425
Mar-2009	41806	42295	489
Apr-2009	42295	43089	794
May-2009	43089	44066	977
Jun-2009	44066	44891	825

ATTACHMENT
CA-SIR-2c (Part A)

WOM
Reconciliation of DHHL Billings
FYE 6-07 to 6-09

Attachment CA-SIR-2c (Part A)

		[1]	[2]	[3]	[4]
Line #			Recorded On Gen'l Ledger	Adjutments	Pro Forma For Each Year
<u>Year Ended June 30, 2006</u>					
1	Accrual at EOY			\$ 4,120	\$ 4,120
<u>Year Ended June 30, 2007</u>					
2	5-8-06 To 7-7-06		\$ 4,120	(4,120)	\$ -
3	7-7-06 to 9-8-06		5,092		5,092
4	9-8-06 to 11-6-06		3,087		3,087
5	11-8-06 to 1-4-07		2,979		2,979
6	1-4-07 to 3-8-07		3,644		3,644
7	3-6-07 to 5-10-07		6,333		6,333
8	5-10-07 to 7-9-07			11,491	11,491
9	Total FYE 6-30-07		\$ 25,255		\$ 36,746
<u>Year Ended June 30, 2008</u>					
10	5-10-07 to 7-9-07		\$ 11,491	(11,491)	\$ -
11	7-9-07 to 9-10-07		9,898		9,898
12	9-10-07 to 11-5-07		8,084		8,084
13	11-05-07 to 1-7-08		5,617		5,617
14	1-7-08 to 3-5-08		4,581		4,581
15	3-6-08 to 7-7-08			8,836	8,836
16	Total FYE 6-30-07		\$ 39,671		\$ 37,016
<u>Year Ended June 30, 2009</u>					
17	3-6-08 to 7-7-08		\$ 8,836	(8,836)	\$ -

**ATTACHMENT
CA-SIR-2c (Part B)**

WOM
Reconciliation of DHHL Billings
FYE 6-07 to 6-09

Attachment CA-SIR-2c (Part B)

Line #	Discription	[1]	[2]	[3]
			Amount Billed At \$1.00 per TG	Billings Restated At Rate of \$2.78 Per TG
	Billing Rate Per TG		<u>\$1.00</u>	<u>\$2.78</u>
	<u>Year Ended June 30, 2006</u>		[A]	
1	2007 -- July		\$ 2,517	\$ 6,997
2	-- August		2,769	7,698
3	-- September		3,073	8,543
4	-- October		2,575	7,159
5	-- November		3,055	8,493
6	-- December		2,204	6,127
7	2008 -- January		2,754	7,656
8	-- February		3,277	9,110
9	-- March		3,026	8,412
10	-- April		1,890	5,254
11	-- May		1,780	4,948
12	-- June		2,471	6,869
			<u> </u>	<u> </u>
13	Total		<u>\$ 31,391</u>	<u>\$ 87,267</u>

[A] From Molokai Properties Intercompany Water Sales provided as Attachment WMA 114a

TG Thousand Gallons

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-3

Ref: Response to CA-IR-37.

- a. Please explain what line 4, "Use of Mountain Facilities" represents and why it only appears in 2008.

RESPONSE:

The amount on line 4 represents a charge for the use of MPL's mountain water assets booked in the month of June 2008. This amount is related to the charges to WOM from MPL under the lease agreement effective July 1, 2008. The charges were not made in prior periods when MPL was conducting operations and WOM was only one of the users of the mountain water assets. This initial amount was replaced by the monthly amount specified in the operating lease beginning in July 2008. The amounts have not been included in the test year expenses in this proceeding and therefore are not included in the amounts in column 7 of Exhibit WOM 10.3.

- b. The Company's responses to CA-IR-37 indicate that the appropriate comparison includes line 3 plus lines 5 to 14. Please explain why line 4 should not be included.

RESPONSE:

See response to part (a) above.

SPONSOR:

Robert O'Brien

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-4

Ref: Response to CA-IR-37.

- a. The Company's response indicates that it used a 3.0% escalation factor. Please explain the basis for using this factor.

RESPONSE:

The Company used the 3.0% factor to recognize changes in usage and rates for the sale of water to the Manawainui. The actual amount recorded for the twelve months ended June 30, 2009 was \$9,470.00 and the charges for the four months ended October 31, 2009 were \$2,358 which is approximately \$9,400.00.

- b. Please provide copies of any analyses that demonstrate the reasonableness of this factor.

RESPONSE:

See response to part (a) above.

- c. The Company's described methodology suggests that it is appropriate to use 2008 as the basis for the test year forecast.

1. Please discuss and explain why 2008 is an appropriate normalized level upon which to apply an escalation factor to derive the test year estimate.

RESPONSE:

The Company believed that the water use for these customers would not vary significantly from year to

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-4 (cont.)

year. This has been supported by the actual usage during the period following 2008.

2. Given the Company's assertion that test year sales will be lower than historical, please explain why it is reasonable to assume that the usage for this expense item will remain constant with 2008 levels.

RESPONSE:

The Company estimated its test year sales using the six-months ended December 31, 2008 doubled. Since the water sales for these customers was included in those sales, the 2008 level would be the base of the test year sales. Therefore, while other areas would have decreased from prior years the customers in Manawainui did not and their 2008 usage would reflect the constant level of sales while the other areas would have reflected a decrease in 2008 from prior years.

SPONSOR: Robert O'Brien

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-5

Ref: Response to CA-IR-38.

- a. The Company indicates that the chemicals used by WOM were recorded as MPU expense. Please confirm that the Company has conducted a thorough review and has determined that there are no other items being recognized and recorded as a revenue, expense or balance sheet item for any of the regulated entities.

RESPONSE:

To the best of the Company's knowledge and belief, with the exception of costs related to the water treatment process, there are no other WOM items being recognized and recorded as revenue, expense or balance sheet item for any other of the regulated entities.

- b. Please provide support for the asserted level of chemical expense.

RESPONSE:

The invoice included as Attachment CA-SIR-5b reflects the purchase of Accu Tabs of Chlorine for use at WOM reservoirs for water treatment. The BEI invoice dated 8-20-09 in the amount of \$1,669.36 for 12 barrels of tabs, which represents approximately a one-year supply, was charged to MPU-610 as shown in the approval block. The purchase price of the Tabs shown on the invoice of \$133.55

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-5 (cont.)

per barrel has increased from \$107.00 in 2006 and \$115.80 in 2007. The Company estimates that the 12 barrels required for the 2010 test year will be approximately \$150.00 per barrel or approximately \$1,800.00 for the test year.

SPONSOR: Robert O'Brien

ATTACHMENT
CA-SIR-5b

09-01-09:04:58PM:

MOLOKAI Office

8085012279 Attachment CA-SIR-5b

Branch/Plant: 6199
 Invoice No: 61188605 RI
 Invoice Date: 08/20/09
 Salesperson: 30000674
 Ordered By:
 Customer PO: WTR 2867



Page: 1
 Date: 8/20/09
 Order Number: 61216227 80
 Order Date: 08/18/09
 Ship Date:

Account Number: 72240

Account Number: 307230

Sold To:

MOLOKAI RANCH, LTD.
 119 MERCHANT STREET, SUITE 408
 HONOLULU HI 96813

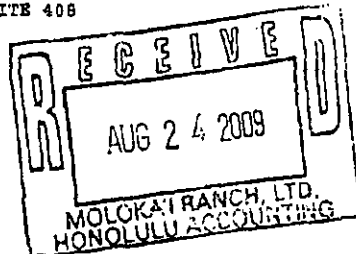
Ship To:

MOLOKAI RANCH WATER DEPT.
 8 MAUNALO A HWY; MOLOKAI, HI 96748
 ATTN: REX KAMAKANA (660-2885/336-0240)
 O/B SONY REYES 522-2395. SHIP COLLECT-
 ACCT# 5200936, YOUNG BROS BL#35492779
 BATCH#L23837

Phone: 808 5349549

Phone: 808 6602805

Note:



Line Number	Stock Description	Stock Number	Pricing	Quantity	UM	Unit Price	Extended Price	Tax
1.000	ACCU-TAB SI CAL HYPO TABS 55#	247-5618				133.5500		
	Net Price	PL		12.000		133.5500	1,602.60	
						Per PL		
						SUBTOTAL:	1,602.60	
						STATE TAX:	56.76	
						TOTAL:	1,669.36	

Approval	<u>RK</u>
Date	
Description	<u>WPU-610</u>
Dept/Acct	#
OR Job	#
Cost Code	#

Terms: Net 30 days
 A MONTHLY FINANCE
 CHARGE OF

Net Due Date: 09/19/09

RETURNED GOODS SUBJECT TO SERVICE CHARGE AT OUR DISCRETION

1.50 % (18.00 %APR) WILL BE APPLIED TO THE REMAINING BALANCE OF ALL UNPAID INVOICES PAST THE INVOICE DUE DATE.

REMITTANCE ADVICE PLEASE RETURN WITH PAYMENT



Sales Phone: (808) 532-7401
 For Invoice Inquiries: (808) 532-7456

Invoice Number: 61188605 RI
 Invoice Date: 08/20/09
 Due Date: 09/19/09
 Total Amount Due: 1,669.36

Please pay this amount. ▶

Remit Payment To:

BEI HAWAII
 311 Pacific Street
 Honolulu HI 96817

Sold To: MOLOKAI RANCH, LTD. Number: 72240
 119 MERCHANT STREET, SUITE 408
 HONOLULU HI 96813

0007224061188605000000001669360478561

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-6

Ref: Response to CA-IR-41.

a. The Company contends that the charge from Mr. Brokate is recurring, but may not do so annually.

1. Please identify the cycle over which these services, such as those Mr. Brokate provided for the period ended 6/30/08, are procured.

RESPONSE:

The Company does not have a specific cycle for the incurrence of these expenses. The purpose of using a five-year average is to normalize expenses during that period so the Company can recover a reasonable annual expense level for a pro forma test year. This is particularly important for a small utility like WOM that has to use external support for certain operating functions, such as the need for a licensed water operator. The Company believes that an expense such as the need to retain Mr. Brokate will likely recur but has no empirical data to support this belief. However, the Company believes that it is improper to use historic averages to establish a pro forma test year expense for a small utility if these non-frequent costs are excluded.

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-6 (cont.)

2. Please provide copies of the documents that support the Company's response to subpart 1. above.

RESPONSE:

See response to part (a.1) above.

3. If the Company cannot identify anything within the last five years, please discuss the reasonableness of using a five year average for the test year.

RESPONSE:

See response to part (a.1) above. The fact that this expense occurred in the last five years is part of the reason for using an historic average to develop a reasonable test year pro forma expense amount.

4. Please describe the operations that require the licensed services of Mr. Brokate and identify the type of license that Mr. Brokate has.

RESPONSE:

Mr. Brokate has a Grade 4 Water Treatment Plant operator's license which is required to run a water treatment plant for more than 48 hours. While the Company has an employee who has a Grade 4 license, backup is needed when the employee goes on vacation or is otherwise unavailable when the plant needs to run for the two-day period.

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-6 (cont.)

b. The Company contends that the charge from the County of Maui is recurring, but may not do so annually.

1. Please identify the cycle over which these charges, such as those received from the County of Maui, are required.

RESPONSE:

These charges will be required whenever the water supplied by Well 17 to Kualapuu or another source to another portion of the service territory cannot be provided because of an equipment failure. In this instance the failure at Well 17 created the need for the DHHL to supplement the water supply to Kualapuu customers and the County of Maui performed the delivery function. The Company believes that the use of this expense in the averaging process to develop a pro forma test year expense is reasonable.

2. Please provide copies of the documents that support the Company's response to subpart 1. above.

RESPONSE:

See response to part (b.1) above.

3. If the Company cannot identify anything within the last five years, please discuss the reasonableness of

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-6 (cont.)

using a five year average of this expense for the test
year.

RESPONSE: See response to part (a.3) above.

SPONSOR: Robert O'Brien

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-7

Ref: Response to CA-IR-42.

- a. The Company's supplemental response indicates that the increase in plant R&M between 2007 and 2008 relates to increase in both minor and non-minor R&M, but does not explain why those levels increased. Please explain why the levels increased in both minor and non-minor R&M.

RESPONSE:

Based on a review of the charges to WOM in 2007 and 2008 there was a significant increase in the number of charges under \$1,000 between the two years. The \$5,479 charged in 2007 included 28 charges with one for \$2,913 to repair a leak in Kualapuu. The remaining \$2,566 averaged a charge of \$95 per entry. In 2008, the total expense of \$10,160 included 68 charges with only 2 being in excess of \$1,000. These were for a spare pump at Kualapuu in the amount of \$2,423 and batteries from Pacific Electro Mechanical in the amount of \$1,138. The remaining 66 entries averaged a charge of \$99 per entry. While the Company believes that there will be an increase in the amount of maintenance required for water facilities as those facilities age, the Company would agree to use an average of the total R&M

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-7 (cont.)

on Exhibit WOM 10.7, line 9 for the years 2006 to 2008 of \$12,564 $(\$11,006 + \$11,376 + \$15,310) / 3$.

- b. The Company's response regarding proof as to whether the level of expenses in 2008 might be recurring, whether annually or periodic, does not offer any supporting documentation. Please confirm that there is no documentation and that it is only the Company's contention that the levels in 2008 reflect recurring costs that should be used for the test year, notwithstanding the historical levels.

RESPONSE:

The documentation is contained in the detail for the charges to 100-575-01 for each year. A copy of the detailed trial balance for 2007 and 2008 for these accounts are included in Attachment CA-SIR-7b. See also response to part (a) above for an averaging proposal.

1. If this understanding is incorrect, please provide the documentation that supports the Company's contention.

RESPONSE:

See response to part (b) above.

2. If this understanding is incorrect, please provide the necessary corrections regarding whether \$10,160 is

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-7 (cont.)

expected to be an annually recurring level as is suggested on the Company's WOM 10.8.

RESPONSE:

See response to part (b) above.

3. Please confirm whether the Company is asserting the level should be 10,160 as set forth on its schedule or 10,180 as set forth in its supplemental response Attachment 42.b.1. Please note that the Consumer Advocate assumes that Attachment 42.b.1 illustrates the Company's comparison of 2008 and 2007 even though the description on lines 1 and 3 suggest otherwise.

RESPONSE:

As shown on Attachment CA-SIR-7b, the correct amount should be \$10,160. The \$10,180 also shown is the total of the debits to the account. The difference is from one credit of \$20. Also, Attachment CA-SIR-7b provides additional data to support the position that there was an increase in the number of minor charges to R&M from 2007 to 2008.

SPONSOR:

Robert O'Brien

**ATTACHMENT
CA-SIR-7b**

System: 7/28/2007 11:55:36 AM
 User Data: 7/28/2007

DETAILED TRIAL BALANCE FOR 2007

Page: 22
 User ID: elaine

Wa'ola O Molokai

Account:	100-560-21	Totals:	Net Change \$431.33	Ending Balance \$431.33	\$431.33	\$0.00
----------	------------	---------	------------------------	----------------------------	----------	--------

Account:	100-560-22	Description:	Electricity - DHHL Booster (Kal	Beginning Balance:	\$0.00	
Trx Date	Batch	Jrnl No.	Orig. Master Name	Distribution Reference	Debit	Credit
8/16/2006	PMTRX00000312	2,107	MAUI ELECTRIC	08/23-7/25/06 KALAE BOOSTER	\$38.14	
8/31/2006	PMTRX00000317	2,122	MAUI ELECTRIC	9200-7389-002 KALAE BOSTR PUM	\$850.60	
9/25/2006	PMTRX00000323	2,139	MAUI ELECTRIC	8/24-9/22 9200-7389-002BSTRPMP	\$228.64	
11/7/2006	PMTRX00000327	2,156	MAUI ELECTRIC	9200 7389 002 KALAE BOOSTER P	\$220.03	
12/4/2006	PMTRX00000330	2,170	MAUI ELECTRIC	92007389002 KALAE BOOSTER PU	\$119.36	
1/8/2007	PMTRX00000338	2,188	MAUI ELECTRIC	12/06 KALAE BOOSTER PUMP	\$181.88	
2/18/2007	PMTRX00000340	2,209	MAUI ELECTRIC	01/07 KALAE BOOSTER PUMP	\$209.85	
2/28/2007	PMTRX00000342	2,220	MAUI ELECTRIC	02/07 KALAE BOOSTER PUMP	\$163.97	
3/30/2007	PMTRX00000347	2,235	MAUI ELECTRIC	03/07 KALAE BOOSTER PUMP	\$193.31	
5/9/2007	PMTRX00000351	2,251	MAUI ELECTRIC	04/07 KALAE BOOSTER PUMP	\$442.73	
6/5/2007	PMTRX00000356	2,267	MAUI ELECTRIC	05/07 KALAE BOOSTER PUMP	\$233.04	

Account:	100-560-22	Totals:	Net Change \$2,679.55	Ending Balance \$2,679.55	\$2,679.55	\$0.00
----------	------------	---------	--------------------------	------------------------------	------------	--------

Account:	100-570-00	Description:	Cleaning & Refuse	Beginning Balance:	\$0.00	
Trx Date	Batch	Jrnl No.	Orig. Master Name	Distribution Reference	Debit	Credit
7/30/2006	609 ALLOCATE	1,571		Rec Island Refuse allocation	\$8.50	
8/30/2006	609 ALLOCATE	1,571		Rec Island Refuse allocation	\$21.91	
9/30/2006	609 ALLOCATE	1,571		Rec Island Refuse allocation	\$17.65	
10/30/2006	609 ALLOCATE	1,571		Rec Island Refuse allocation	\$18.48	
11/30/2006	609 ALLOCATE	1,571		Rec Island Refuse allocation	\$17.65	
12/30/2006	609 ALLOCATE	1,571		Rec Island Refuse allocation	\$26.49	
1/30/2007	609 ALLOCATE	1,571		Rec Island Refuse allocation	\$29.18	
2/28/2007	609 ALLOCATE	1,571		Rec Island Refuse allocation	\$17.66	
3/31/2007	609 ALLOCATE	1,571		Rec Island Refuse allocation	\$26.48	
4/30/2007	609 ALLOCATE	1,571		Rec Island Refuse allocation	\$13.24	
5/30/2007	609 ALLOCATE	1,571		Rec Island Refuse allocation	\$17.66	
6/30/2007	609 ALLOCATE	1,571		Rec Island Refuse allocation	\$22.07	

Account:	100-570-00	Totals:	Net Change \$234.98	Ending Balance \$234.98	\$234.98	\$0.00
----------	------------	---------	------------------------	----------------------------	----------	--------

Account:	100-575-01	Description:	R&M-Plant	Beginning Balance:	\$0.00	
Trx Date	Batch	Jrnl No.	Orig. Master Name	Distribution Reference	Debit	Credit
8/22/2006	PMTRX00000314	2,111	FRIENDLY ISLE AUTO PARTS	KEY	\$31.44	
8/28/2006	PMTRX00000315	2,115	TAKE'S VARIETY STORE	COUPLING,1GAL HX BSH,GALV NF	\$118.04	
8/28/2006	PMTRX00000315	2,116	TAKE'S VARIETY STORE	COUPLING	\$22.45	
8/28/2006	PMTRX00000315	2,117	TAKE'S VARIETY STORE	Clamp	\$26.02	
9/25/2006	PMTRX00000321	2,133	FRIENDLY ISLE AUTO PARTS	PO#WTR-2367-WRENCH/TORCH	\$95.49	
10/23/2006	PMTRX00000325	2,150	FEDERAL EXPRESS	FEDEX 10/02/06 L. GEDDES	\$55.18	
11/24/2006	PMTRX00000329	2,162	BADGER METER, INC.	PO#WTR2362 RECORDALL	\$444.21	
12/8/2006	PMTRX00000331	2,173	FRIENDLY ISLE AUTO PARTS	PO#WTR2402 WRENCH SETS	\$57.17	
12/8/2006	PMTRX00000331	2,174	FRIENDLY ISLE AUTO PARTS	PO#WTR2402 LINE HEAD, CHAPS	\$81.08	
12/8/2006	PMTRX00000331	2,175	FRIENDLY ISLE AUTO PARTS	PO#WTR2402 ANTI-SEIZE, TOOL	\$23.09	
1/17/2007	PMTRX00000337	2,183	HIKIOLA COOPERATIVE	PO#WTR2414 TAPE-GATE VALVE	\$38.72	
1/17/2007	PMTRX00000337	2,194	ATLAS BUILDING SUPPLIES	PO#WTR2414 BLADE-BLACKTOP	\$56.36	
1/22/2007	PMTRX00000338	2,197	ATLAS BUILDING SUPPLIES	PO#WTR2418 HINGE BROAD	\$17.79	
2/16/2007	PMTRX00000340	2,210	TAKE'S VARIETY STORE	PO#WTR2428 RUBBERBOOTS-KE	\$35.98	
2/28/2007	PMTRX00000342	2,217	USA BLUEBOOK	PO#WTR2437 CLAMP	\$188.98	
3/21/2007	PMTRX00000344	2,227	ATLAS BUILDING SUPPLIES	PO#WTR2447 BOLTS-WASHER	\$9.29	
3/30/2007	PMTRX00000347	2,232	HIKIOLA COOPERATIVE	PO#WTR2466 COUPLING, STIFFEN	\$43.30	
4/11/2007	PMTRX00000348	2,241	HISCO	PO#WTR2454 ROMAC CPLG	\$153.64	
5/15/2007	PMTRX00000352	2,253	TAKE'S VARIETY STORE	WTR2480 CLAMP-COUPLING	\$131.94	
5/22/2007	PMTRX00000353	2,255	HISCO	WTR2481 CLAMPS-STIFFENER	\$488.14	
5/25/2007	PMTRX00000355	2,257	HIKIOLA COOPERATIVE	WTR2494 COUP-NIPPLE	\$3.66	
5/25/2007	PMTRX00000355	2,258	HIKIOLA COOPERATIVE	WTR2494 PVC REPAIR-COMP COL	\$31.28	
5/25/2007	PMTRX00000355	2,259	HIKIOLA COOPERATIVE	WTR2493 ADPT PVC-HOSE BIB	\$40.43	
5/25/2007	PMTRX00000355	2,280	HIKIOLA COOPERATIVE	WTR2493 RB SLP-RECT VALVE	\$25.07	
5/25/2007	PMTRX00000355	2,281	HIKIOLA COOPERATIVE	WTR2493 PRIMER-DRY CEMENT	\$11.33	
6/31/2007	INTERCO INV	2,286		Interco Inv-MWH Lab Inv#198478	\$300.00	
6/12/2007	PMTRX00000357	2,272	ATLAS BUILDING SUPPLIES	WTR2498 WASP SPRAY	\$58.13	
6/29/2007	PMTRX00000360	2,285	PACIFIC ELECTRO-MECHANICAL INC	WTR2509 KUALAPUU LEAK REPAI	\$2,913.46	

System: 7/26/2007 11:55:36 AM
 User Date: 7/26/2007

DETAILED TRIAL BALANCE FOR 2007

Page: 23
 User ID: elaineh

Wai'ola O Molokai

Account:	100-575-01	Totals:	Net Change \$5,478.63	Ending Balance \$5,478.63	\$5,478.63	\$0.00
----------	------------	---------	--------------------------	------------------------------	------------	--------

Account:	100-575-02	Descript:	R&M-Vehicles	Beginning Balance:	\$0.00	
Trx Date	Batch	Jrnl No.	Orig. Master Name	Distribution Reference	Debit	Credit
7/30/2006	609 ALLOCATE	1,567		Record Auto Shop allocation	\$114.34	
8/30/2006	609 ALLOCATE	1,567		Record Auto Shop allocation	\$44.66	
9/30/2006	609 ALLOCATE	1,567		Record Auto Shop allocation	\$81.66	
10/30/2006	609 ALLOCATE	1,567		Record Auto Shop allocation	\$19.66	
12/30/2006	609 ALLOCATE	1,567		Record Auto Shop allocation	\$483.71	
1/30/2007	609 ALLOCATE	1,567		Record Auto Shop allocation	\$668.39	
2/28/2007	609 ALLOCATE	1,567		Record Auto Shop allocation	\$50.01	
3/31/2007	609 ALLOCATE	1,567		Record Auto Shop allocation	\$354.01	
4/30/2007	609 ALLOCATE	1,567		Record Auto Shop allocation	\$34.50	
5/30/2007	609 ALLOCATE	1,567		Record Auto Shop allocation	\$78.58	
6/30/2007	609 ALLOCATE	1,567		Record Auto Shop allocation	\$323.41	

Account:	100-575-02	Totals:	Net Change \$2,251.21	Ending Balance \$2,251.21	\$2,251.21	\$0.00
----------	------------	---------	--------------------------	------------------------------	------------	--------

Account:	100-590-01	Descript:	Equipment Rental-Office use	Beginning Balance:	\$0.00	
Trx Date	Batch	Jrnl No.	Orig. Master Name	Distribution Reference	Debit	Credit
7/30/2006	609 ALLOCATE	1,573		Rec copier/water disp rental	\$5.42	
8/30/2006	609 ALLOCATE	1,573		Rec copier/water disp rental	\$7.29	
9/30/2006	609 ALLOCATE	1,573		Rec copier/water disp rental	\$5.42	
10/30/2006	609 ALLOCATE	1,573		Rec copier/water disp rental	\$5.42	
11/30/2006	609 ALLOCATE	1,573		Rec copier/water disp rental	\$7.29	
12/30/2006	609 ALLOCATE	1,573		Rec copier/water disp rental	\$5.42	
1/30/2007	609 ALLOCATE	1,573		Rec copier/water disp rental	\$5.42	
2/28/2007	609 ALLOCATE	1,573		Rec copier/water disp rental	\$5.45	
3/31/2007	609 ALLOCATE	1,573		Rec copier/water disp rental	\$5.45	
4/30/2007	609 ALLOCATE	1,573		Rec copier/water disp rental	\$5.45	
5/30/2007	609 ALLOCATE	1,573		Rec copier/water disp rental	\$5.45	
6/30/2007	609 ALLOCATE	1,573		Rec copier/water disp rental	\$5.45	

Account:	100-590-01	Totals:	Net Change \$68.93	Ending Balance \$68.93	\$68.93	\$0.00
----------	------------	---------	-----------------------	---------------------------	---------	--------

Account:	100-610-00	Descript:	Material & Supply-Water - Wai'ola	Beginning Balance:	\$0.00	
Trx Date	Batch	Jrnl No.	Orig. Master Name	Distribution Reference	Debit	Credit
9/8/2006	PMTRX00000319	2,123	SAFEGUARD BUSINESS SYSTEMS	AP COMPUTER CHECKS	\$73.78	
9/18/2006	PMTRX00000320	2,130	SAFEGUARD BUSINESS SYSTEMS	BALANCE ON CHECK PRINTING	\$0.89	
9/25/2006	PMTRX00000321	2,134	THE HILLSBOROUGH PRINTERY INC	PO#WTR2363-CONT UTILITY BILL	\$101.24	
12/4/2006	PMTRX00000330	2,167	THE HILLSBOROUGH PRINTERY INC	PO#WTR2390 CONT UTILITY BILL	\$303.72	
2/18/2007	PMTRX00000340	2,208	BEI HAWAII	PO#WTR2408 ACCU-TAB	\$668.75	
2/23/2007	1206 BANKREC	2,214		To record check order 12/28/06	\$23.94	
4/11/2007	PMTRX00000348	2,242	THE HILLSBOROUGH PRINTERY INC	PO#WTR2448 DELINQUENT NOTIC	\$158.40	
4/11/2007	PMTRX00000348	2,243	THE HILLSBOROUGH PRINTERY INC	PO#WTR2448 CONT UTILITY BILL	\$303.72	

Account:	100-610-00	Totals:	Net Change \$1,634.44	Ending Balance \$1,634.44	\$1,634.44	\$0.00
----------	------------	---------	--------------------------	------------------------------	------------	--------

Account:	100-610-01	Descript:	Materials & Supplies-NOT office	Beginning Balance:	\$0.00	
Trx Date	Batch	Jrnl No.	Orig. Master Name	Distribution Reference	Debit	Credit
7/30/2006	609 ALLOCATE	1,572		Rec material & supplies alloc	\$27.74	
8/30/2006	609 ALLOCATE	1,572		Rec material & supplies alloc	\$4.21	
9/30/2006	609 ALLOCATE	1,572		Rec material & supplies alloc	\$5.51	
11/24/2006	PMTRX00000329	2,162	BADGER METER, INC.	PO#WTR2362 RECORDALL	\$444.20	
11/30/2006	609 ALLOCATE	1,572		Rec material & supplies alloc	\$2.11	
1/31/2007	609 ALLOCATE	1,572		Rec material & supplies alloc	\$4.62	
3/31/2007	609 ALLOCATE	1,572		Rec material & supplies alloc	\$23.62	
5/30/2007	609 ALLOCATE	1,572		Rec material & supplies alloc	\$236.84	

Account:	100-610-01	Totals:	Net Change \$748.85	Ending Balance \$748.85	\$748.85	\$0.00
----------	------------	---------	------------------------	----------------------------	----------	--------

System: 7/29/2008 11:55:47 AM
 User Date: 7/29/2008

DETAILED TRIAL BALANCE FOR 2008

Page: 24
 User ID: elaineh

Wa'i'ola O Molokai

Account:	100-560-21	Totals:	Net Change \$652.97	Ending Balance \$652.97	\$652.97	\$0.00
----------	------------	---------	------------------------	----------------------------	----------	--------

Account:	100-560-22	Description:	Electricity - DHHL Booster (Kal	Beginning Balance:	\$0.00	
Trx Date	Batch	Jrnl No.	Orig. Master Name	Distribution Reference	Debit	Credit
7/11/2007	PMTRX00000361	2,291	MAUI ELECTRIC	KALAE BOOSTER PUMP	\$568.06	
8/8/2007	PMTRX00000365	2,310	MAUI ELECTRIC	7/07 KALAE BOOSTER PUMP	\$735.07	
9/1/2007	PMTRX00000371	2,330	MAUI ELECTRIC	8/07 KALAE BOOSTER PUMP	\$310.58	
10/9/2007	PMTRX00000378	2,355	MAUI ELECTRIC	9/07 KALAE BOOSTER PUMP	\$426.80	
10/31/2007	PMTRX00000383	2,380	MAUI ELECTRIC	10/07 KALAE BOOSTER PUMP	\$328.75	
11/30/2007	PMTRX00000388	2,416	MAUI ELECTRIC	KALAE BOOSTER PUMP	\$318.49	
1/11/2008	PMTRX00000392	2,434	MAUI ELECTRIC	KALAE BOOSTER PUMP	\$251.56	
1/29/2008	PMTRX00000393	2,442	MAUI ELECTRIC	KALAE BOOSTER PUMP	\$291.66	
2/29/2008	PMTRX00000400	2,482	MAUI ELECTRIC	KALAE BOOSTER PUMP	\$239.94	
3/31/2008	PMTRX00000405	2,520	MAUI ELECTRIC	KALAE BOOSTER PUMP	\$164.18	
5/31/2008	MECO	2,563		Reclass Meco April & May	\$178.47	
5/31/2008	MECO	2,563		Reclass Meco April & May	\$252.59	
6/30/2008	PMTRX00000418	2,574	MAUI ELECTRIC	92007389002 Kalae Booster	\$249.45	

Account:	100-560-22	Totals:	Net Change \$4,313.60	Ending Balance \$4,313.60	\$4,313.60	\$0.00
----------	------------	---------	--------------------------	------------------------------	------------	--------

Account:	100-570-00	Description:	Cleaning & Refuse	Beginning Balance:	\$0.00	
Trx Date	Batch	Jrnl No.	Orig. Master Name	Distribution Reference	Debit	Credit
7/30/2007	609 ALLOCATE	1,571		Rec Island Refuse allocation	\$23.01	
8/30/2007	609 ALLOCATE	1,571		Rec Island Refuse allocation	\$20.34	
9/30/2007	609 ALLOCATE	1,571		Rec Island Refuse allocation	\$15.25	
10/30/2007	609 ALLOCATE	1,571		Rec Island Refuse allocation	\$35.59	
1/30/2008	609 ALLOCATE	1,571		Rec Island Refuse allocation	\$5.08	

Account:	100-570-00	Totals:	Net Change \$99.27	Ending Balance \$99.27	\$99.27	\$0.00
----------	------------	---------	-----------------------	---------------------------	---------	--------

Account:	100-575-01	Description:	R&M-Plant	Beginning Balance:	\$0.00	
Trx Date	Batch	Jrnl No.	Orig. Master Name	Distribution Reference	Debit	Credit
8/16/2007	PMTRX00000367	2,318	HIKIOLA COOPERATIVE	WTR2538 PVC PIPE	\$26.98	
8/22/2007	PMTRX00000368	2,322	PACIFIC ELECTRO-MECHANICAL INC	WTR2548 WTR PRESSURE REPAIR	\$494.79	
8/28/2007	PMTRX00000370	2,328	HIKIOLA COOPERATIVE	WTR2545 STEEL STIFFENERS	\$6.85	
9/20/2007	PMTRX00000375	2,348	TAKE'S VARIETY STORE	WTR2583 CLAMPS	\$46.14	
9/20/2007	PMTRX00000375	2,349	HISCO	WTR2581 CLAMPS	\$380.69	
9/30/2007	PMTRX00000377	2,353	PACIFIC ELECTRO-MECHANICAL INC	SPARE PUMP & MOTOR KUALAPU	\$2,423.30	
10/16/2007	PMTRX00000379	2,382	TAKE'S VARIETY STORE	WTR2567 CLAMP-GATE VALVE	\$68.27	
10/16/2007	PMTRX00000379	2,383	HIKIOLA COOPERATIVE	WTR2580 TEFLON TAPE-SOC PVC	\$51.22	
10/22/2007	PMTRX00000380	2,386	FRIENDLY ISLE AUTO PARTS	WTR2586 SNAP-LINK	\$8.25	
10/22/2007	PMTRX00000380	2,387	TAKE'S VARIETY STORE	WTR2585 CLAMPS	\$72.68	
10/22/2007	PMTRX00000380	2,388	ATLAS BUILDING SUPPLIES	WTR2587 CHALKLINE-SPRAY MARK	\$84.12	
10/31/2007	PMTRX00000383	2,383	HIKIOLA COOPERATIVE	WTR2588 TEE SOC-TEFLON TAPE	\$6.80	
10/31/2007	PMTRX00000383	2,384	HIKIOLA COOPERATIVE	WTR2588 VALVE GATE-TEFLON T	\$43.93	
10/31/2007	PMTRX00000383	2,385	TAKE'S VARIETY STORE	WTR2590 CLAMP8-CLEANER	\$73.55	
11/12/2007	PMTRX00000384	2,394	TAKE'S VARIETY STORE	WTR2605 CLAMP-GLUE	\$33.13	
11/23/2007	PMTRX00000385	2,397	PACIFIC ELECTRO-MECHANICAL INC	T/S LOW ENGINE POWER	\$298.87	
11/23/2007	PMTRX00000385	2,398	HIKIOLA COOPERATIVE	1-1/2 BLL VLV PLUS; CLS NIPPLE	\$22.47	
11/23/2007	PMTRX00000385	2,399	TAKE'S VARIETY STORE	HOSE BIB HD; BR COUPLING	\$33.49	
11/23/2007	PMTRX00000385	2,400	HISCO	UNION P&PJ 1; CC&MIPT	\$201.24	
11/23/2007	PMTRX00000385	2,401	HISCO	ROMAC CLAMP SS	\$221.11	
11/23/2007	PMTRX00000385	2,402	TAKE'S VARIETY STORE	BRS GATE VALVE; 1xCL NIPPLE	\$89.00	
11/23/2007	PMTRX00000385	2,403	TAKE'S VARIETY STORE	SWING CHK; CRIMP/STRIP TOOL	\$107.01	
11/23/2007	PMTRX00000385	2,404	FRIENDLY ISLE AUTO PARTS AND S	KRYLN FRM-YELLOW; AEROSOL F	\$20.48	
11/23/2007	PMVVR00000012	2,405	FRIENDLY ISLE AUTO PARTS AND S	Void Open Trx		\$20.49
11/28/2007	PMTRX00000386	2,408	FRIENDLY ISLE AUTO PARTS	KRYLN FRM-YELLOW; AEROSOL PA	\$20.49	
12/13/2007	PMTRX00000389	2,422	HIKIOLA COOPERATIVE	WTR2833 MALE ADAPTER PVC	\$3.02	
1/11/2008	PMTRX00000392	2,432	HIKIOLA COOPERATIVE	MPL2638 PRIMER PT,COUP SOC	\$39.09	
1/11/2008	PMTRX00000392	2,435	TAKE'S VARIETY STORE	WTR2843 SS REPAIR CLAMP	\$48.27	
1/29/2008	PMTRX00000393	2,441	TAKE'S VARIETY STORE	WTR2847 TV MASTERPAD KEYBL	\$33.84	
1/29/2008	PMTRX00000393	2,445	HIKIOLA COOPERATIVE	WTR2865 2 BALL VLV PLAS UNION	\$24.99	
1/29/2008	PMTRX00000393	2,446	HIKIOLA COOPERATIVE	WTR2866 PRIMER PT CEMENT W/	\$52.47	
1/29/2008	PMTRX00000393	2,447	FRIENDLY ISLE AUTO PARTS	WTR2856 2 CYC OIL,WIPES	\$17.59	
1/29/2008	PMTRX00000393	2,448	HISCO	WTR2863 MA,HOSE BIBB	\$391.73	
1/29/2008	PMTRX00000393	2,449	HISCO	WTR2864 IRRIGATION FILTERS	\$388.11	
1/29/2008	PMTRX00000393	2,450	HISCO	WTR2864 ROMAC REP CLAMP	\$189.59	
1/29/2008	PMTRX00000393	2,451	PACIFIC ELECTRO-MECHANICAL INC	WTR2861 BATTERIES	\$1,138.01	

System: 7/29/2008 11:55:47 AM
 User Date: 7/29/2008

DETAILED TRIAL BALANCE FOR 2008

Page: 25
 User ID: oiaiah

Wa'olola O Molokai

2/19/2008	PMTRX00000398	2,470	ITC WATER MANAGEMENT	WTR2680 BERMAD REPAIR KIT	\$213.02	
2/19/2008	PMTRX00000398	2,471	HISCO	WTR2687 FLOC FLO-LICK MA	\$36.89	
2/19/2008	PMTRX00000398	2,472	PACIFIC ELECTRO-MECHANICAL INC	WTR2677 T/S & REPAIR RITRON	\$363.26	
2/19/2008	PMTRX00000398	2,473	ATLAS BUILDING SUPPLIES	WTR2668 TAPE W/UTILKNIFE ST	\$50.23	
2/25/2008	PMTRX00000399	2,475	ATLAS BUILDING SUPPLIES	WTR2666 TAPE W/UTILKNIFE ST	\$50.23	
2/25/2008	PMTRX00000399	2,476	HIKIOLA COOPERATIVE	WTR2678 QUIK-FIX2 PVC REPAIR	\$153.25	
2/25/2008	PMTRX00000399	2,477	HIKIOLA COOPERATIVE	WTR2679 4"COMP COUP PVC PIPE	\$108.20	
2/29/2008	PMTRX00000400	2,484	FRIENDLY ISLE AUTO PARTS	WTR2684 13PC METQUADBOX 44	\$159.75	
2/29/2008	PMTRX00000400	2,485	FRIENDLY ISLE AUTO PARTS	WTR2684 SUPER HC IND V-BELT	\$32.90	
2/29/2008	PMTRX00000402	2,488	KAUNAKAKAI AUTO PARTS	WTR2688 CHAIN-BAR CHAIN OIL	\$87.58	
2/29/2008	PMTRX00000402	2,489	HISCO	WTR2678 ROMAC CLAMP	\$30.82	
2/29/2008	PMTRX00000402	2,490	PACIFIC ELECTRO-MECHANICAL INC	WTR2689 DIAPHRAGM MOANA MA	\$93.73	
2/29/2008	PMTRX00000402	2,491	ITC WATER MANAGEMENT	WTR2658 REPAIR KITS	\$408.25	
3/17/2008	PMTRX00000403	2,499	ATLAS BUILDING SUPPLIES	WTR2692 DECK SCREW-FILTER D	\$22.80	
3/17/2008	PMTRX00000403	2,500	ATLAS BUILDING SUPPLIES	WTR2695 BLADE DIAMOND DRY	\$86.27	
3/17/2008	PMTRX00000403	2,501	TAKE'S VARIETY STORE	WTR2699 CYC OIL-RUBBER GLV	\$19.80	
3/24/2008	PMTRX00000404	2,512	ATLAS BUILDING SUPPLIES	WTR2709 LIQUID NAILS HVY DTY	\$2.96	
3/24/2008	PMTRX00000404	2,513	ATLAS BUILDING SUPPLIES	WTR2708 NOZZLE GUN	\$17.22	
3/24/2008	PMTRX00000404	2,514	ATLAS BUILDING SUPPLIES	WTR2704 BUG SPRAY	\$55.02	
3/24/2008	PMTRX00000404	2,515	TAKE'S VARIETY STORE	WTR2703 BLK RUBB TAPE	\$9.98	
4/16/2008	PMTRX00000407	2,526	ATLAS BUILDING SUPPLIES	WTR2697 CHAIN COIL-SCREEN	\$153.65	
4/16/2008	PMTRX00000407	2,528	ATLAS BUILDING SUPPLIES	WTR2710 WEDGE BOLT-BIT DRILL	\$47.85	
4/24/2008	PMTRX00000408	2,532	ATLAS BUILDING SUPPLIES	WTR2723 GALV FLAT WSH-BIT DR	\$25.30	
5/8/2008	PMTRX00000410	2,537	HISCO	WTR2728 GSKT FF C/RUB	\$108.85	
5/20/2008	PMTRX00000411	2,542	HISCO	ROMAC CPLG	\$182.86	
5/20/2008	PMTRX00000411	2,543	ATLAS BUILDING SUPPLIES	DECK SCREWS 05/05	\$82.28	
5/20/2008	PMTRX00000411	2,544	FRIENDLY ISLE AUTO PARTS	FUEL LINE HOSE	\$30.15	
5/20/2008	PMTRX00000411	2,545	KAMAKA AIR INC.	HNL-MKK FREIGHT	\$25.00	
5/30/2008	PMTRX00000412	2,563	HIKIOLA COOPERATIVE	PVC Pipe	\$28.98	
5/31/2008	PMTRX00000414	2,557	TAKE'S VARIETY STORE	Repair Clamps	\$58.59	
5/17/2008	PMTRX00000416	2,587	HISCO	Romac Cplg	\$241.93	
5/17/2008	PMTRX00000416	2,588	HIKIOLA COOPERATIVE	Shovel, PVC Pipe, etc	\$65.31	
5/30/2008	PMTRX00000417	2,572	TAKE'S VARIETY STORE	Repair Clamps	\$77.01	
5/30/2008	PMTRX00000417	2,573	TAKE'S VARIETY STORE	Trash Bags	\$30.74	

Account:	100-575-01	Totals:	Net Change \$10,159.70	Ending Balance \$10,159.70	\$10,180.19	\$20.4
----------	------------	---------	---------------------------	-------------------------------	-------------	--------

Account:	100-575-02	Description:	R&M-Vehicles	Beginning Balance:	\$0.00	
Trx Date	Batch	Jml No.	Orig. Master Name	Distribution Reference	Debit	Credit
7/30/2007	609 ALLOCATE	1,587		Record Auto Shop allocation	\$128.49	
8/30/2007	609 ALLOCATE	1,587		Record Auto Shop allocation	\$75.82	
10/30/2007	609 ALLOCATE	1,587		Record Auto Shop allocation	\$49.51	
11/30/2007	609 ALLOCATE	1,587		Record Auto Shop allocation	\$51.84	
12/18/2007	PMTRX00000390	2,425	RAWLINS' CHEVRON SERVICE	WTR2638 DISMOUNT & MOUNTING	\$75.00	
1/30/2008	609 ALLOCATE	1,587		Record Auto Shop allocation	\$150.05	
2/29/2008	609 ALLOCATE	1,587		Record Auto Shop allocation	\$11.89	
3/31/2008	609 ALLOCATE	1,587		Record Auto Shop allocation	\$55.29	
4/30/2008	609 ALLOCATE	1,587		Record Auto Shop allocation	\$84.82	
5/30/2008	609 ALLOCATE	1,587		Record R&M allocation	\$248.96	

Account:	100-575-02	Totals:	Net Change \$931.47	Ending Balance \$931.47	\$931.47	\$0.00
----------	------------	---------	------------------------	----------------------------	----------	--------

Account:	100-590-00	Description:	Equipment Rental-MPL Water As	Beginning Balance:	\$0.00	
Trx Date	Batch	Jml No.	Orig. Master Name	Distribution Reference	Debit	Credit
6/30/2008	MPL WATER ASS	2,592		6 Mo Nominal Rent MPL Wtr Asst	\$28,989.00	

Account:	100-590-00	Totals:	Net Change \$28,989.00	Ending Balance \$28,989.00	\$28,989.00	\$0.00
----------	------------	---------	---------------------------	-------------------------------	-------------	--------

Account:	100-590-01	Description:	Equipment Rental-Office use	Beginning Balance:	\$0.00	
Trx Date	Batch	Jml No.	Orig. Master Name	Distribution Reference	Debit	Credit
8/31/2007	609 ALLOCATE	1,573		Rec copier/water disp rental	\$12.77	
10/30/2007	609 ALLOCATE	1,573		Rec copier/water disp rental	\$10.90	
11/30/2007	609 ALLOCATE	1,573		Rec copier/water disp rental	\$7.32	
12/30/2007	609 ALLOCATE	1,573		Rec copier/water disp rental	\$5.45	
1/30/2008	609 ALLOCATE	1,573		Rec copier/water disp rental	\$10.90	
2/29/2008	609 ALLOCATE	1,573		Rec copier/water disp rental	\$10.90	
4/30/2008	609 ALLOCATE	1,573		Rec copier/water disp rental	\$25.53	

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-8

Ref: Response to CA-IR-44.

- a. Please confirm that there are no internal labor costs included within the test year estimates or recorded expenses for the regulatory expense.

RESPONSE:

Currently there are no internal labor costs for WOM employees included in the regulatory expense, those expenses are included as salaries and wages in the operating expense for the test year. In addition, there are no labor costs for MPL employees who are working on providing data to respond to information requests and supplemental information requests, even though there is no charge for these employees except for the intercompany charges for finance and administrative services, which do not include the time for work on the rate case preparation, discovery or rebuttal activities.

- b. If the Company has included internal labor costs, whether directly charged or allocated from an affiliate, please identify those costs by description and amount in each phase.

RESPONSE:

See response to part (a) above.

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-8 (cont.)

c. The Company indicates that the regulatory professionals were not bid because of prior work and specific knowledge of the Company's operations not available to other providers.

1. Please identify the prior regulatory proceedings applicable to WOM upon which the current regulatory professional and legal team worked.

RESPONSE:

The current regulatory team did not work on any prior regulatory proceedings, but did work on a regulatory proceeding for WOM's affiliated company MPU.

2. Please confirm or refute that it is the Company's position that a bidding process would not have potentially resulted in a lower regulatory expense amount and provide the basis for the Company's response.

RESPONSE:

The Company believes that hiring regulatory and/or legal professionals that were not familiar with the Company and its affiliated operations would have increased the time required for those professionals to understand the Company's operations and prepare and present the Company's data. In addition, the

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-8 (cont.)

time required by MPL personnel would have
increased substantially.

SPONSOR: Robert O'Brien

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-9

Ref: Response to CA-IR-46.

- a. Please confirm that there is a Company policy that limits the use of Company paid for cellular service to only utility related purposes (i.e., no personal use). Please provide a copy of that policy.

RESPONSE:

There is no written policy regarding cell phone usage. Company personnel are instructed to use the Company provided cell phones for business purposes only. However, since these employees are frequently on the road, Company *cell phones are infrequently used for personal purposes if required.*

- b. Please discuss whether the Company has investigated other alternatives to decrease the overall communications expense.

RESPONSE:

The Company believes that its total communication expense for the test year of approximately \$155 per month is reasonable for the operation of WOM given the location of operational personnel and the administrative and other personnel in Honolulu. The communications required includes telephone systems for equipment monitoring, cell phone service, internet services and land line connections. The Company is not aware of any other services that could

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-9 (cont.)

be provided that would save the Company any significant expense compared to the expense currently incurred.

1. If so, please provide the results of that analysis.

RESPONSE: See response to part (b) above.

2. If not, please explain why not.

RESPONSE: See response to part (b) above.

- c. *If the Company is recovering cellular service costs from customers already, please describe the nature of the additional \$1,000 costs from MPL and explain why the cellular service or the existing telephone service is insufficient to maintain the level of communications between MPL and WOM for essential operations.*

RESPONSE: Technically the Company is not currently recovering all of its communications or other costs since it has a significant operating loss for the last several years and pro forma for the test year at present rates. However, the Company believes, as discussed in response to part (b) above, costs related to the communications between Honolulu and Molokai are required for WOM to provide service to its customers.

SPONSOR: Robert O'Brien

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-10

Ref: Response to CA-IR-49.

The Company contends that the majority of users are domestic and that the use of tiered rates is not warranted.

a. Is water conservation an issue in the area?

RESPONSE:

The Company does not believe that water conservation is a significant issue in the WOM service territory. The average usage for the Company's residential customers has been approximately 11,700 gallons per month for the eighteen months ended October 31, 2008, which is not excessive. In addition, for the twelve months ended October 31, 2009, after the temporary rate increase was implemented in September 2008, the average customer usage decreased to approximately 8,900 gallons per month.

b. If water conservation is an issue in the area, please explain why rate design tools, such as tiered rates, would not contribute to water conservation efforts.

RESPONSE:

Not applicable, see response to part (a) above.

SPONSOR:

Robert O'Brien

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-11

Ref: Response to CA-IR-49.

- a. Based on WOM 11.3, while the majority of bills are related to the 5/8" meters, there are customers with 1.0" meters and above, please explain whether it is reasonable to have all customer classes paying the same volumetric rate.

RESPONSE:

As discussed in response to CA-SIR-10a, the Company does not believe that it is necessary to implement a rate structure to induce conservation. The Company does not believe that it is necessary to implement a declining block rate structure that would reduce the charges to larger users and increase the charges for the lower use customers. The Company requested an across the board rate increase and believes that should be implemented.

- b. Please confirm that based on the WOM 11.1, the customers with 5/8" meters average about 10.867 thousand gallons (73,342 / 6,749) over the 18 months ended 12/31/08.

RESPONSE:

The Company confirms that the 10,867 gallons per month results from that calculation.

- c. Please confirm that based on the WOM 11.1, the customers with 1.0" meters (MIS) average about 317.5 thousand gallons (5,080 / 16) over the 18 months ended 12/31/08.

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-11 (cont.)

RESPONSE: The calculation described above reflects the average for the fifteen months ended September 30, 2008. The Company did not maintain summaries of customer usage by meter size after that date. The 317,500 average gallons per month would have been for the fifteen months.

- d. Please confirm that based on the WOM 11.1, the customers with 1.0" meters average about 23.81 thousand gallons (3,572 / 150) over the 18 months ended 12/31/08.

RESPONSE: The calculation described above reflects the average for the fifteen months ended September 30, 2008. The Company did not maintain summaries of customer usage by meter size after that date. The 23,810 average gallons per month would have been for the fifteen months.

- e. Please reconcile apparent differences between WOM 11 and the supporting schedules.
1. For instance, explain why the descriptions on WOM 11 suggest that there are ¾" meter customers but that is not reflected on 11. 1 and 11.3.

RESPONSE: The description of the meter size on Exhibit WOM 11.3 on lines 3 and 4 showing a 1.0" meter and a 1.5" meter are incorrect. Those should show the meter

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-11 (cont.)

sizes of ¾" (line 3) and 1.0" (line 4) consistent with the descriptions on Exhibit WOM 11, lines 3 and 4. The remaining information on those lines is correct on both exhibits.

2. Please state whether there are 12 customers or 12 bills for the 3" meters as set forth on WOM 11.3, or 12 customers or bills for 2" meters as set forth on WOM 11.

RESPONSE:

The meter descriptions and customer numbers shown on Exhibit WOM 11 are correct. There are 12 bills for the 8" meter as shown on Exhibit WOM 11, line 6.

3. Please explain whether there are 48 customers or bills for ¾" (WOM 11) or 1.0" meters (WOM 11.3) and all other apparent differences.

RESPONSE:

There are 48 customer bills for the ¾" meter as shown on Exhibit 11.3, line 3. All meter descriptions on Exhibit WOM 11.3 should be changed to the descriptions on Exhibit WOM 11. In addition, the 12 customer bills on Exhibit WOM 11, line 8 should have a present rate charge of \$5.25 per month.

SPONSOR: Robert O'Brien

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-12

Ref: Response to CA-IR-53.

- a. On WOM 11, there is a charge of \$250 for the 8" meters. On WOM 11.3, there is no charge for the 8" meters. Please explain.

RESPONSE:

The classification of meter size on Exhibit WOM 11.3 is incorrect. The correct meter descriptions are shown on Exhibit WOM 11. The billing for the 8" meter is shown on Exhibit WOM 11.3 on line 6 which is incorrectly classified as a 3" meter. Changing the description to on WOM 11.3, line 6 to 8" meter removes the discrepancy.

- b. In its response to CA-IR-53, the Company indicates that it should have included a monthly charge of \$5.25, for an annual amount of \$63. Please identify the meter size serving this customer class.

RESPONSE:

The monthly charge should be included on Exhibit WOM 11, on line 8. In addition, line 8 of Exhibit WOM 11.3 should be renamed "# of Customers (241) KHY and should have the \$5.25 rate per month applied to the 12 monthly bills.

- c. On both WOM 11 and WOM 11.3, there is no charge for the (200) KWA meter. The Company's response indicates

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-12 (cont.)

that this is an inactive meter. Please confirm that a disconnect fee was collected to make this an inactive meter.

RESPONSE:

Further discussions identified this as an inactive meter usage billing code rather than an inactive meter. The inactive meter usage billing code is infrequently and incorrectly used when a new customer is entered into the billing system. When this occurs, it is immediately identified and corrected. The billing records reflect the use of this meter usage billing code (which does not reflect any dollar billing amounts) and the customer code is corrected. As shown on Exhibit WOM 11.2 page 1, line 20 and page 2, line 21 this occurred four times during the 18 months reflected on that exhibit. There was no impact on the customer bill or on the total Company customer count, water usage or billing.

1. If a disconnect fee was collected, please explain why the meter needs to be periodically read to confirm that it is inactive.

RESPONSE:

Not applicable, see response to part (c) above.

2. If the meter has not been disconnected and a user could receive water through the meter, please explain

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-12 (cont.)

why a monthly charge should not be collected for that
meter.

RESPONSE: Not applicable, see response to part (c) above.

SPONSOR: Robert O'Brien

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-13

Ref: Response to CA-IR-20.

- a. Please state whether there are any records to support the need for the improvements that are reflected as reservoir improvements.

RESPONSE:

The Company does not have records regarding the 1988 to 1991 improvements to the Maunaloa Reservoir. The Company believes these are valid charges due to the fact that the improvements were made and recorded in the years immediately following the construction of the reservoir which would reflect additional construction on the reservoir. In addition, as shown on Attachment CA-IR-23a, there are several WIP (Work in Progress) items listed on lines 2 through 18, again reflecting an ongoing effort at the Maunaloa Reservoir.

- b. The Company asserts that it believes the improvements were made to enable the reservoir to continue providing service to its customers. In the absence of any supporting documents, please state the basis for those assertions.

RESPONSE:

The only support that the Company has available is the accounting record that shows this addition to plant for the improvement to the reservoirs as reflected on Attachment

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-13 (cont.)

CA-IR-23a as well as the Company's general ledger and
depreciation records.

SPONSOR: Robert O'Brien

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-14

Ref: Response to CA-IR-20.

- a. Based on the response, it appears that the reservoir improvements were made to the "Water System - Maunaloa." Please confirm this understanding.

RESPONSE:

This is confirmed.

- b. If the useful life of 30 years was used for the water system, please explain why 25 years was used as a reasonable estimate for the reservoir improvements.

RESPONSE:

This was determined by accounting and operating personnel in the 1988 to 1991 time frame when the improvements were made. It is likely that the shorter life was used to reflect that the 30-year life of the water system had begun in prior years and the 25 year life for the improvements was reasonable.

SPONSOR:

Robert O'Brien

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-15

Ref: Response to CA-IR-21.

- a. Please state whether additional information was obtained about the Lialalii reservoir.

RESPONSE:

The Company was able to identify that the plant classified as the Lialalii reservoir was actually a significant improvement to the Kualapuu reservoir and was named the Lialalii reservoir when it was recorded on the books in 1996.

- b. Even if additional documentation cannot be found at this time, please provide a detailed description of the reservoir and how it functions as part of the system
1. In addition, please explain why a Company the size of WOM needs to have four reservoirs serving the Wai'ola system.

RESPONSE:

WOM's service territory consists of four distinctive areas and each one requires a tank/reservoir to ensure water supply and quality.

2. If the Company has any studies or analyses supporting its response, please provide a copy of those studies or reports.

RESPONSE:

The Company has not required and therefore does not have any studies. It is normal for separate

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-15 (cont.)

sections of a water system to have reservoirs and or
tanks in each section to provide for water quality,
pressure and treatment.

SPONSOR: Robert O'Brien

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-16

Ref: Response to CA-IR-21.

The Company indicates that the Maunaloa 12" water main was to serve as a pipeline from a future Waiola Well to Maunaloa, but that the project has been put on hold.

- a. Please discuss whether the water main is or is not being used for utility services at this time. If so, please provide a detailed description of what purpose and function(s) the water main is meting.

RESPONSE:

The water main is not being used to provide service at this time.

- b. Please discuss whether the item is completed or actually reflects work in progress.

RESPONSE:

The water main that is installed is completed. However, there are two miles that needs to be completed before the currently installed piece can fulfill its intended purpose. The project is effectively CWIP and plant held for future use.

- c. Please discuss whether there are any definite plans to use the water main. If so, please provide a detailed description of those plans and the timelines that are associated with those plans. Please provide copies of any documents that support the Company's response.

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-16 (cont.)

RESPONSE: There are no alternative plans for the use of this main. The
original plan for the connection to a new well to service
WOM is the only current alternative.

SPONSOR: Robert O'Brien

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-17

Ref: Response to CA-IR-21.

The Company has used an estimated useful life of 25 years for the 4" pipeline Kualapuu reservoir, but uses only 7 years for certain other pipeline replacements. Please explain why. If there are any supporting workpapers, please provide a copy of those workpapers.

RESPONSE:

The Company is not aware of the reasoning for the use of the 7 years for the \$1,646 Kipu pipeline replacement in 2001 or the \$6,414 Waiola pipeline replacement in 2001. The only rationale would be that the replacements of those portions of the pipelines should have been depreciated over the remaining useful life of the original pipelines installed, which would have been in the late 1970s or early 1980s. It should be noted that both of those assets have been fully depreciated and are not included in rate base or depreciation expense in the test year.

SPONSOR:

Robert O'Brien

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-18

Ref: Response to CA-IR-8.

The Company indicates that it would not be able to recognize net operating losses to offset taxable income.

- a. Please confirm that there are net operating losses due to the losses suffered by the Company in the past. If this understanding is incorrect, please provide the analysis and workpapers that support the argument.

RESPONSE:

It is confirmed that WOM has had operating losses in the past.

- b. Putting aside the contention that, as a subsidiary, the Company would not be able to recognize net operating losses since it is part of a consolidated tax return, please confirm that, on a stand-alone basis, if the Company were filing its own tax return, there would be net operating losses available for carryforward purposes.

RESPONSE:

This is confirmed.

SPONSOR:

Robert O'Brien

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-19

Ref: Response to CA-IR-19.

a. If not already provided, please provide copies of the appropriate and applicable tax schedules that show the following:

1. tax depreciation taken on all plant currently reflected in the Company's plant in service balance; and

RESPONSE:

See response to CA-IR-23.

2. no item currently in the Company's plant in service was written off in its entirety.

RESPONSE:

The Company does not have copies of tax schedules that show no item currently in the Company's plant in service was written off in its entirety. However the Company has confirmed that the tax accountants have not written off any specific plant capitalized for book purposes. The tax accountants have reviewed the last several Schedule M portions of the consolidated tax returns and do not show any item for WOM that was capitalized for book and expensed for tax.

b. If the Company cannot provide a copy of any schedule that illustrates that all plant reflected in the Company's plant in

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-19 (cont.)

service are being properly depreciated for tax purposes because of the filing of consolidated tax returns, please provide copies of the applicable reconciliation schedules that illustrate the relationship between the tax depreciation schedules filed with the IRS and the Company's books.

RESPONSE:

See Attachment CA-IR-23a.

- c. If the Company does not have any document that would support the assertion that no plant currently reflected in the Company's plant in service balance was written off in its entirety for tax purposes, please confirm or refute that the Company, in reviewing the appropriate consolidated tax returns and supporting workpapers, could verify whether any plant was written off for tax purposes. If this understanding is incorrect, please explain.

RESPONSE:

See response to part (a) above.

- d. If no document exists to verify the Company's claims regarding any item currently reflected in plant in service being written off, please state the basis of the Company's assertion that, to the best of its knowledge, no item was written off.

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-19 (cont.)

RESPONSE: To the best of the Company's knowledge and belief, based in part on Mr. O'Brien's conversations with the tax accountants, no item currently reflected in plant in service has been written off for tax purposes.

- e. Given the observation regarding the differences in the plant items reflected for book and tax purposes and the Company's recommendation articulated in its response to CA-IR-23, please provide further discussion as to how the Company can assert that it, or its parent company, did not write off any item in its entirety for tax purposes.

RESPONSE: See responses to CA-SIR-19, CA-SIR-20 and CA-SIR-21, filed in Docket No. 2009-0048.

SPONSOR: Robert O'Brien

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-20

Ref: Response to CA-IR-12.

Please state whether the additional adjustments made by the auditor have been identified yet. If so, please provide those adjustments.

RESPONSE:

The additional information regarding the auditor adjustments were provided in Supplemental Response to CA-IR-12, filed on December 7, 2009.

SPONSOR:

Robert O'Brien

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-21

Ref: Response to CA-IR-14.

- a. Please confirm that the plant, property, and equipment covered under the operating lease have not been written off for tax purposes by MPL or any affiliate, and/or the costs of those items have not already been recovered from another source other than the lease.

RESPONSE:

The Company objects to this request in that it pertains to an element that has not been included in the test year rate base, revenues or expenses and therefore is not part of the Company's claim for revenue requirement.

However, to the best of the Company's knowledge and belief none of the plant, property or equipment has been written off for tax purposes, except as might be allowed through past or current tax regulations concerning plant of this nature. In addition, the Company is not aware of any recovery from other sources.

- b. Please provide copies of any documents that support the Company's contention.

RESPONSE:

The Company objects to this request in that it pertains to an element that has not been included in the test year rate

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-21 (cont.)

base, revenues or expenses and therefore is not part of the Company's claim for revenue requirement.

- c. If the Company is unable to produce any documentation that might support the possible contention that the applicable plant, property, and equipment have not been recovered through some other means, please discuss whether the costs have all been written off, depreciated, and/or recovered through some other source, please explain why the items could not be simply deeded over to the utility company.

RESPONSE:

The Company objects to this request in that it pertains to an element that has not been included in the test year rate base, revenues or expenses and therefore is not part of the Company's claim for revenue requirement.

However, MPL advises that these assets have a real value and is not willing to simply "deed them over to the utility company" without just and reasonable compensation, which would require a significant increase in the rates for WOM and its customers.

SPONSOR: Robert O'Brien

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-22

Ref: Response to CA-IR-54.

Notwithstanding the Company's response that it does not have any data regarding the establishment of the monthly rates for the different meter sizes, please respond to the following:

- a. Given the potential throughput from the meter size of 1 and 1.5 inches, please discuss whether it is reasonable to have monthly charges that are exactly the same for both meter sizes. Please provide any supporting documentation.

RESPONSE:

As discussed in response to CA-SIR-11e, the use of the 1.5" meter was incorrect. The Company does not have any 1.5" meters. However, the Company is not adverse to have different monthly charges for different size meters. The Company has not taken that step in its rate case application in Docket No. 2009-0049 since this is the first rate case since rates were established. The Company will be willing to work with the Consumer Advocate and develop different monthly fixed rates for different meter sizes. The Company would want to keep the rate structure simple since it does not have administrative personnel on its payroll to do billing and other changes but must rely on employees of affiliates.

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-22 (cont.)

- b. If not already discussed, please explain why it is reasonable to have the same monthly charge for 1" and 1.5" meters, but have the tap-in charge of \$4,000 for 1.5" meters and \$2,000 for 1" meters.

RESPONSE: See response to part (a) above.

- c. Similar to the question posed in subpart b. above, the Consumer Advocate observes that the relationship between the tap-in charges for various meter sizes are not consistent with the relative ratios among the monthly charges. For each applicable difference (e.g., different ratios between the 1.5" and 2" meter monthly charges and tap-in charges), please discuss the reasonableness of those differences.

RESPONSE: As previously discussed, the Company has not sought to change the relationship of its rates in this initial rate case since its rates were established. The Company is willing to work with the Consumer Advocate to develop such rates either in this proceeding or during the period between this and its next rate application.

SPONSOR: Robert O'Brien

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-23

Ref: Responses to CA-IR-31 through 34.

- a. Please identify the water loss ratio for the Company in each of the past five years.

RESPONSE:

The Company has not made a calculation of the water loss ratio for the past five years and therefore cannot provide a water loss ratio as requested.

- b. Please identify each repair and maintenance or capital project completed within the last five years that might affect the measured water loss or unaccounted for water. For each identified project, please provide the following:

RESPONSE:

As shown on Exhibit WOM 9.2, column 1, there have been no capital projects since 2001 with the exception of the purchase of some water meters as shown on lines 21 through 26. In addition, there have been no maintenance initiatives to address water loss or unaccounted for water. The Company does not have the resources to embark on these types of projects as its personnel are fully utilized with day-to-day operations and maintenance activities to continue to provide safe and reliable service to its customers.

1. Please identify the nature of the project;

RESPONSE:

Not applicable, see response to part (b) above.

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-23 (cont.)

2. Please identify the cost of the project;

RESPONSE: Not applicable, see response to part (b) above.

3. Indicate whether the project was recorded as a capital or expense item; and

RESPONSE: Not applicable, see response to part (b) above.

4. Provide the projected impact on the unaccounted for water ratio for each project and include a copy of the analysis and workpaper used to determine the impact.

RESPONSE: Not applicable, see response to part (b) above.

- c. Assuming that the recent historical unaccounted for water percentage exceeds 10%, please identify the projects or other measures that will be implemented to reduce the unaccounted for water.

RESPONSE: Not applicable, see response to part (b) above.

SPONSOR: Robert O'Brien

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-24

Ref: Response to CA-IR-23.

- a. In its attachment, the Company appears to be recommending "that all income tax elements be removed from the cost of service and revenue requirements of both MPU and WOM." Please provide a detailed discussion of what the Company is recommending and how that recommendation should manifest in the test year revenue requirement determination.

RESPONSE:

The Company is recommending that all components of income taxes be removed from the determination of the revenue requirement and revenue increase in this proceeding. Income tax expense and the related rate base elements of ADIT and HCGETC are normally integral parts of establishing the revenue requirement of a utility. However, when neither the utility (as a stand-alone entity) or its parent (in the consolidated income tax return) have paid income taxes in recent years and because of net operating loss carry-forwards ("NOL") are unlikely to pay any income taxes in the future, it is difficult to support the inclusion of income tax expense as part of the establishment of the revenue requirement for the utility. This is also true

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-24 (cont.)

regarding the deduction from rate base of the ADIT or HCGETC. In order for these rate base deductions to be taken, some entity would have to benefit from the deferral of the income tax (ADIT) or from the credit to state income taxes (HCGETC). When the utility, both under a stand-alone scenario and as part of a consolidated tax return, has NOL which significantly exceed the tax benefits, there has been no benefit provided and therefore those rate base reductions cannot be taken. Currently WOM has an NOL of \$2,011,964, has reflected an income tax expense at proposed rates of \$6,486 (Exhibit WOM 6, column 3, line 27), ADIT of \$54,950 (Exhibits WOM 9, line 6 and WOM 9.6, line 35) and a HGCETC of \$935 (Exhibit WOM 9, line 8). Under these conditions, the Company's current proposal to remove all income tax components from the revenue requirement in this proceeding is the only way to recognize that income taxes are not appropriate in this instance.

- b. Given the integral role that income taxes and derivative elements, such as accumulated deferred income taxes, play in the determination of revenue requirements, please explain

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-24 (cont.)

why it would be reasonable to simply "remove" the income tax elements.

RESPONSE:

See response to part (a) above.

1. Please provide any and all known authoritative cites in this jurisdiction or any other where a commission approved of removing all income tax elements from a rate case.

RESPONSE:

The Company is not aware of any other jurisdiction that has treated income taxes in this manner.

- c. Regardless of whether any citations can be provided, please discuss whether it is the Company's assertion that removing all income tax elements from the test year would still yield a reasonable basis upon which to base rates. Please provide any and all supporting documentation.

RESPONSE:

See response to part (a) above.

- d. Please discuss, if the proposed removal of all income tax elements occurs, whether the Company have a "complete" application with all relevant tax elements. In your discussion, please discuss the need for income tax expense calculation, especially given the requested return on rate base and resulting level of operating income.

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-24 (cont.)

RESPONSE: The Company would still have a complete application even without all relevant tax elements. There have been many instances where there were no income tax elements included in the determination of revenue requirement. In fact, the last rate case for MPU did not request a return on rate base and did not include provision for any income taxes or related items. In the instance, such as now, the Company would have its revenue requirement determined without any income tax expense or related elements. The revenue requirement would be determined by allowing the Company a return on its rate base and recovery of its test year expenses which would exclude income taxes. The example calculation shown on Attachment CA-SIR-24d is in the same format as Exhibit WOM 6. The major difference is that there would be no income tax expense (line 5), no income tax related items in the rate base (line 8) and no income tax gross up included in the gross revenue conversion factor (line 13). This results in the utility recovering its operating expenses, a return on its rate base as its revenue requirement. The only difference between the two calculations is that in one instance income tax expense and

**WAI'OLA O MOLOKA'I, INC.'S RESPONSES TO THE DIVISION OF CONSUMER
ADVOCACY'S SUPPLEMENTAL INFORMATION REQUESTS**

DOCKET NO. 2009-0049

CA-SIR-24 (cont.)

the related elements are included in the determination of the revenue requirement and in the other they are not. Under the scenario presented in Attachment CA-SIR 24d, if the utility were to actually have income taxes, it would have to pay them without having that expense included in the revenue requirement determination in its rate case.

SPONSOR: Robert O'Brien

ATTACHMENT
CA-SIR-24d

Sample Revenue Requirement -- No Income Taxes

		[1]	[2]	[3]	[4]
Line #	Description	Factor Or Reference	Present Rates	Revenue Increase	Proposed Rates
1	Revenue		\$ 300,000	\$ 159,328	\$ 459,328
2	Operating Expense		250,000		250,000
3	Depreciaton Expense		100,000		100,000
4	Revenue Taxes	0.063850	19,155	10,173	29,328
5	Income Taxes		-		-
6	Total Expenses	Sum L 2 to L 5	<u>369,155</u>	<u>10,173</u>	<u>379,328</u>
7	Net Operating Income	L 1 - L 6	<u>\$ (69,155)</u>		<u>\$ 80,000</u>
8	Rate Base		<u>\$ 1,000,000</u>	\$ -	<u>\$ 1,000,000</u>
9	Return on Rate Base	L 7 / L 8	-6.916%		<u>8.000%</u>
10	Target Return for Rate Base		<u>8.000%</u>		
11	Increase in Rate of Return	L 10 - L 9	<u>14.916%</u>		
12	Increase in Net Operating Income	L 8 * L 11	\$ 149,160		
13	Gross Revenue Conversion Factor		1.068168		
14	Increase in Revenue Required	L 12 * L 13	<u>\$ 159,328</u>		

CERTIFICATE OF SERVICE

I (we) hereby certify that copies of the foregoing document were duly served on the following parties, by having said copies delivered as set forth below:

MR. DEAN NISHINA
Executive Director
Department of Commerce and Consumer Affairs
Division of Consumer Advocacy
335 Merchant Street, Suite 326
Honolulu, Hawaii 96813

3 copies
Hand Deliver

MARGERY S. BRONSTER, ESQ.
JEANNETTE H. CASTAGNETTI, ESQ.
Bronster Hoshibata
2300 Pauahi Tower
1003 Bishop Street
Honolulu, HI 96813

1 copy
Hand Deliver

Attorneys for the COUNTY OF MAUI

ANDREW V. BEAMAN, ESQ.
Chun Kerr Dodd Beaman & Wong, LLLP
Topa Financial Center, Fort Street Tower
745 Fort Street, 9th Floor
Honolulu, HI 96813

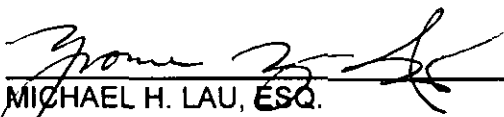
1 copy
Hand Deliver

Attorney for MOLOKAI PROPERTIES LIMITED

TIMOTHY BRUNNERT
President
Stand For Water
P. O. Box 71
Maunaloa, HI 96770

1 copy
U.S. Mail

DATE: Honolulu, Hawai'i, December 23, 2009.



MICHAEL H. LAU, ESQ.
YVONNE Y. IZU, ESQ.

Morihara Lau & Fong LLP
Attorneys for WAI'OLA O MOLOKA'I, INC.